

**FLOOD CONTROL ADVISORY BOARD
MINUTES
April 27, 2005**

Scott Ward, Vice Chairman called the meeting of the Flood Control Advisory Board (FCAB) to order at 2:00 p.m. on Wednesday, April 27, 2005.

Board Members Present: Ray Acuna, Ex Officio; DeWayne Justice, Secretary; Scott Ward, Vice-Chairman; Paul Cherrington, Ex Officio; Hemant Patel.

Board Members Absent: Kent Cooper, Chairman; Melvin Martin.

Staff Members Present: Julie Lemmon, General Counsel; Dick Perreault, CIP/Policy Manager; Linda Reinbold, Administrative Coordinator; Don Rerick, Project Management Branch Manager; Chuck Woosley, Contracts Branch Manager; Doug Williams, Planning Branch Manager; Melissa Lempke, PIO; John Hathaway, Watercourse Area Planning Manager; Joe Tram, Engineering Special Projects Manager; Bob Howery; Ed Raleigh, Engineering Division Manager; Mona Merkevicus, Administrative Coordinator; and BJ Johnston, Clerk of the Flood Control Advisory Board.

Guests Present: Brian Fry, Dibble & Associates; Hasan Mushtaq, City of Phoenix; Alex Menez, Kimberly-Horn; Ed Fritz, MCDOT; Mike Heaton, Project Engineering Consultants; Lonnie Frost, Town of Gilbert; Bob Darr, Huitt Zollers; Elliot Silvester, VRS; Russell Bowers, ARPA; Tony Bokich, Aztec Engineering; Roger Baele, DEA.

1) EMPLOYEE OF THE QUARTER

Perreault: Ed Raleigh, Engineering Division Manager will make the Employee of the Quarter presentation.

Raleigh: Good afternoon, Members of the Board. Mona Merkevicus is our Employee of the Quarter. She is the Administrative Coordinator for the Engineering Division. One of her main functions is how she interfaces with the public through our library. Mona has been taking care of our Flood Control Technical Library for the last 5 years and doing an outstanding job.

2) APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 23, 2005.

ACTION: It was moved by Mr. Justice and seconded by Mr. Cherrington to approve the minutes as submitted. The motion carried unanimously.

3) AGUA FRIA RIVER WATERCOURSE MASTER PLAN – RESOLUTION FCD2005R001

This resolution approves the recommendations of the Agua Fria Watercourse Master Plan Non-Structural Alternative for watercourse-based flood control management; approves the recommendations of the Agua Fria Watercourse Master Plan Addendum Channelization Alternative as an alternative watercourse-based flood control management plan; and authorizes the District to cooperate with landowners, mining interests, and parties desiring to establish a Recreational Corridor Channelization District to implement the Channelization Alternative in discrete, contiguous and continuous segments of the Agua Fria River Corridor. The presentation was made by John Hathaway, P.E., Watercourse Area Planning Manager.

Patel: Some time ago there was a presentation on a pretty ambitious plan in the West Valley for the very best solution to the Agua Fria problems. There was a group that coalesced around that project, have we been meeting with these people?

Hathaway: Yes, we have. We have been meeting continuously, especially in the last few months, with all the cities, the Friends of the West Valley Recreation Corridor, which is really an outgrowth of Valley Forward. I see the benefits of promoting a regional situation that can span a number of jurisdictions.

Patel: Their plans are being accommodated by ours?

Hathaway: They were very much involved in the actual development.

Patel: That is good to hear.

Ward: Have you started a dialogue with the Army Corps of Engineers?

Hathaway: We have not. I only started working on this project last summer after the actual addendum was already in draft form. Doug, were there any discussions with the Corps?

Williams: Mr. Vice Chairman, we talked to the funding side of the Corps of Engineers very early on in this project. It was clear that they were focused on the Phoenix projects, Rio Salado, Rio Salado Oeste, Tres Rios; together they come to about \$250-300 million. We did not want to compete with the City of Phoenix back in Washington for Corps projects. Plus, the Corps of Engineers has lots of strings attached, is very expensive and their projects take a long time to implement. So we decided to move ahead with this program. On the other side, we have had some preliminary conversations with the Corps' 404 Regulatory staff on this concept. They are very supportive of a regional type 404 project and we will discuss this with them again at a later date.

Ward: Good. Going into this, of the cities you listed, who do you think will be our ally for development and funding?

Hathaway: I think rather than being the cities initially, I think it is actually going to be the sand and gravel industry. We have spoken with several of them on different occasions those who own different segments of the river, also the

Arizona Rock Products Association, on how they could implement a mile or two segment. I think that it is actually going to be a private effort to establish the first project.

Williams: Mr. Vice Chairman, the City of Youngstown has also expressed interest in building a section of the channel. They are in the process of bidding for a park to be built in that area and they have about \$3 million to devote to construction. The City of Glendale has also recently expressed an interest in a 2 mile stretch along Olive Ave. where they will ask the District to partner with them. We directed them to submit this through our prioritization process. They are looking at a super highway along Northern Ave. That will include some bridging and they want to enhance the area on both sides. So, right out of the box, Youngstown is ready to go. Glendale could be a little further behind. Peoria is also expressed interested in some of these areas. Peoria has recently annexed many of large subdivisions and master plan communities in the northern portion of the City. They are looking at some efforts for open space amenities.

Hathaway: If I may, along those same lines, the Maricopa County Department of Transportation, our sister agency, is conducting two design concept report studies for bridges at Beardsley Road and the Deer Valley Road alignment to reduce traffic pressure on Bell Road. One of the things they are looking at is comparing the cost of constructing either of those bridges without any channelization versus the cost of constructing them, as if the channel is currently there. The difference in those costs may lead to them contributing towards channelization costs as a way of reducing the bridge costs. There are some opportunities, none of them have actually taken hold yet but I think once the adoption of the Watercourse Master Plan has occurred, that will be a catalyst to help these plans move forward.

Ward: It looks like you have done a pretty good job of aligning the floodway. Is there any part of that property that we will need to buy that will be encroached by an inundation easement?

Hathaway: All of the channelization is within the existing floodplain. However, there may be individual parcels that will be necessary for the channelization. That remains to be worked out, that is where the partnership aspect comes in, where we have a land owner that has a sand and gravel mining operation that is on the side of the floodplain or perhaps outside the floodplain. There is one that is in the floodplain; he is going to be in that channelization. There needs to be some sort of fair arrangement worked out where the person who has something that is going to be used to build the channel is no worse off than if they mined it, perhaps better through the partnership with other land owners who will actually reap the benefits of land recovered from the floodplain. We need to actually discuss that with some of our client cities, how do we patch together a patchwork quilt?

Ward: I'd like to ask Julie Lemmon a question. Julie, are the rock product people our allies here? How do you see this Flood Control District/private sector working together?

- Lemmon:* Mr. Ward, Members of the Board, I think that we have been working with the rock products people enough that I could say that they are an ally. In fact, Rusty Bowers, Executive Director for the Arizona Rock Products Association is in the audience. He may wish to address that in his own words. I think we have had some initial meetings, as John said; it looks like there are some opportunities. It may be that the public/private partnership part may work well. There are some issues that will have to be worked out, I'm sure, but it is just a plan. You are not authorizing a project to be built as such; you are adopting a big plan. I'm sure that over the years there will be some changes made to the plan. But it is a plan.
- Ward:* I think you know where I am headed. I want to see that we don't run into any obstacles or impediments with the private sector. Those guys are in there mining right now so we need to be cognizant not to have any issues down the road as we develop a plan and develop the construction aspect of it.
- Lemmon:* Mr. Ward, perhaps I didn't understand exactly what you were asking. This plan does not govern existing land uses as such. If they are in there mining and they wish to continue mining, unless they make a deal or choose to implement the plan over a period of time and then leave the channel area, they will continue to do business as they have been. It doesn't change zoning; it doesn't do anything except give an outline of how this watercourse could be better managed as John has pointed out in his presentation.
- Ward:* Good. That is what I wanted to hear. So we are not getting sideways with anyone?
- Lemmon:* Mr. Bowers may wish to address you on that at the end of your questions.
- Cherrington:* Along similar lines, there is a statement in the material provided that says, "other proposed projects are compatible with this". I don't know how to form the question but I suspect that the channelization, if I understand Rusty and his group's efforts, the channelization of the river reclaims some property outside of the floodway for sand and gravel operators to excavate future pits. I am curious when you say it is compatible with the channelization and the recreation features like the statement says, but are linear recharge projects that are going to be adjacent to the pits that are going to be built compatible?
- Lemmon:* Also, Mr. Cherrington, I think that Doug Williams and his group have been working with the Central Arizona Project (CAP) on their recharge; they may have some other information.
- Hathaway:* Mr. Vice Chairman, Members of the Board, for the sake of brevity, the slide that talked about the recharge projects was deleted from this presentation. We have been speaking very closely with the various cities that have recharge projects. We have spoken with the Central Arizona Project several times on this matter. There may have to be some adjustments on that

because of some of their concerns. The intent has been to consider these programs and others such as the Agua Fria Recharge Program.

Ward: I am just very concerned that we have a lot of very strong separate agenda people when we start dealing with a waterway this size. I am hoping that you are in constant harmony with the Army Corps of Engineers because those guys are getting real sensitive. They are starting to be ruled by EPA and any time you take the Army Corps of Engineers and mining operations, you have a difference of opinion on how riverbeds and rights-of-way should exist. We don't want to get sideways with anyone, Dick. It is just very important. You know how the Corps is. That is why I would like to hear from you, Mr. Bowers, because we support entrepreneurs and private enterprise but this area has the ability to be much like Indian Bend if you look 10 years out. It has the same sort of terrain; it has the encroachment of housing up to it like Indian Bend Wash had and kind of carved a pathway through it. I just don't want to get sideways with the rock products people and at the same time we need to make sure that the Army Corps of Engineers and all our client cities are satisfied. It's a very tough basket to keep all those balloons in. Any thoughts?

Bowers: Thank you, Mr. Vice Chairman. I am Russell Bowers with the Arizona Rock Products Association. If I may give just a small preface, we are very grateful, in the 3 ½ years that I have been working with Rock Products, for the constant discussion back and forth with this organization. At first we were very much at odds with the watercourse master plan because the alternatives that were deemed at the time as achievable, in as much as they did not include channelization for its cost, had moved to a less costly alternative which we felt were very erroneous towards the industry. To the enormous credit of this organization and individual liaisons between our organizations, we were able to get together. The District showed tremendous good faith in making propositions and employing Mr. Fuller and others to put out some tentative plans that we could work back and forth with. We also employed outside consultants to examine those plans, people very qualified to do so. We feel that ultimately, through this process that this channelization can indeed provide us opportunity into the future to continue providing the necessary and critical industrial minerals for building; as well as opportunities for recharge not only for the Salt River Project but also the with SROG. May I speak specifically to the SRP? Recently we submitted in a separate action with DWR our grave concerns about the Salt River Project's recharge operation near Glendale Airport on the New River alignment. Those concerns are based on data that showed a recharge success where in 15 years it would be up to 100 feet and in 20 years up to 75 feet. Which we all need, we know we need that. Unfortunately, some of our operators in that immediate vicinity have extractable mineral that they have cored out down to 150 feet. I dance between the two. I have to dance between members who say in that area directly west of the Glendale Airport, that they have good reserves 75-80 feet. So they feel that there really isn't going to be a problem on theirs. But there may be some in the industry that have impacted future possibilities. Our hope is that the Salt River Project, in this case, could deal with those on a plan by plan basis and come up with some agreement with them for their

future operation. We know we need recharge. We absolutely do and we support that. We are hoping that the question of reasonable versus unreasonable harm in that particular context can be resolved between these parties and that we can both continue. I have personally spoken to most of the operators in that area and they foresee mining to 75-80 feet but not much beyond that. They are hitting clay lenses and other material that is not mineable at a good cost option. I don't know if that completely answers your question, Mr. Cherrington. But we worked towards resolution there and do not wish to be at odds in a way that we would be playing off other parties, the Corps or anyone else, to impact negatively Salt River Project's desires, the multiple cities' desires for recharge, ROG 's desire for recharge. In fact, we see recharge as being the greenery in the channel that it could provide, in discrete locations, water for pits and parks. We have even worked with DWR in altering the law somewhat in allowing linear recharge versus a more industrial type site where you could employ recharge. We hope if there are any questions outstanding on that point to be able to work with them in securing changes in the law that would allow more of the natural flow at certain times of the year.

Cherrington: Would you agree Mr. Bowers, with this statement that recharge projects are compatible with this plan?

Bowers: I do agree with that. I think we can make it compatible.

Cherrington: So if a linear recharge project, for example or a lake that isn't a recharge project, causes water to come up into a pit that is dug in the future next to the channel outside the channel, where do the rock products people stand?

Bowers: Well, right now, we stand on the point of unreasonable harm. Right now unreasonable harm is defined in statute. That has yet to be clarified. What we are not saying is that it is to the greater good to have the water and not the material. What we need to do, and I would offer the resources of our operation, is to come up with a solution if that happens, because it has happened on the north end with the ACWCD recharge. Right now one of our members is in litigation with ACWCD on the unreasonable harm question. The water is now entering his pit and he can not extract in that operation. We need to come up with a way. The money is available in ACWCD to offset any changes or differences in costs between dry mining and drag line mining which you would use in an excavation where there is water, much like we do in Avondale with the Nu West Pit, it is all drag line. As you know the water out there is at 6 feet. They are mining at a substantial depth by drag line. But that does impose an additional burden on the operator and if those differentials can be worked out between the operators of the recharge and the private land owner, I don't see why we shouldn't proceed.

Cherrington: It sounds to me like the way you work it out is because there is unreasonable harm in your mind to a pit that is going to be built in the future next to a lake that is part of this design, this design has to figure out how to compensate the sand and gravel person. So it is money that we don't know about that is coming down the road.

- Bowers:* Mr. Cherrington, that is an excellent question and I did not understand that to be the question. The question that I mentioned on the northern end was an existing operator who is suing after the construction of the recharge, not the other way around.
- Cherrington:* I understand.
- Bowers:* I think that will be a question that we will have to decide. And I think we need to sit down and get on it. If we are going to do this and this is in our interest, we are doing bankable feasibilities, that if there are interests are at 80 feet and water is at 80 feet in 20 years that would seem to be compatible. If we go in knowing ahead of time that there is a planned recharge facility, then I think we are the ones who need to accept a greater burden going in under that scenario.
- Cherrington:* So, we people who are planning recharge projects, I probably have a conflict and can not vote on this, who go through all the steps with DWR, do all the modeling, demonstrate that there is no problem and may not be aware of a future piece of property that your organization plans to mine and you mine it down into where the future recharge or model and causes water to come in, your view is that the recharge project needs to compensate the sand and gravel operation.
- Bowers:* Mr. Vice Chairman, Mr. Cherrington, I think it would be wise of me to say that this discussion is in fact a parallel discussion to the channelization option. In the channel we do not see ourselves, with exception to some cooperative venture, putting a grade control structure or perhaps in a discrete area where a future terrace will exist, we do not see ourselves mining to the depth of material. So there is not a conflict in the channel with these structures. The conflicts would be coming outside of the channel in proximity to recharge operations.
- Cherrington:* Where mining is potentially created because of this channel. I am struggling with the blame.
- Bowers:* Mr. Cherrington, right now we could litigate ourselves into the Stone Age, but right now, we can mine if we can preserve the safety. I would say that this is a step towards resolution rather than a step away from resolution. We look at surrendering values under this channel but increasing values by being outside the floodplain. We feel that is a better thing to do for a variety of reasons, not only esoteric and aesthetic reasons. That is a great change in direction from where we were 3 ½ years ago.
- Cherrington:* Now, I guess I have to question the Flood Control District, are water features anticipated as a part of this design for this watercourse master plan?
- Hathaway:* Mr. Cherrington, if I may, the watercourse master plan itself really is just the channel and the terrace. Other features are compatible, primarily focusing on municipalities and their recreational features being placed on a flood control structure. We have discussed our recharge concerns with the various recharge people to be sure this is compatible. We did not get into

detail on specific sites although we did discuss this in general terms. If I may point out that the current difficulty with the operator and the Central Arizona Water Conservation District, is that there is not a channel that is the way the river is. So, these things will occur regardless of the channelization option, regardless of where we go to with the regulatory approach, regardless if we do nothing. That is why we work together to try to avoid the surprises that tend to occur and actually bring in something that is organized instead of something that is done haphazard on a parcel by parcel basis.

Cherrington: Forget recharge here. Your pictures show nice landscaping, Indian Bend Wash type stuff. Indian Bend is a whole series of lakes where water goes into the ground. My concern is where does that water go when the pit is across the bank, outside of the floodplain? Who is responsible for the financial impact that Mr. Bowers is suggesting?

Williams: Mr. Vice Chairman, if I could try to make this clearer. The District is on the steering committee for the ROG Linear Recharge Project. The SROG is the sub-regional operating group; they own and operate at the 91st Avenue Wastewater Treatment Plant and have a plan that is going to approximately triple effluent output in the next several years. For about 15 years, there has been a Bureau of Reclamation plan to recharge water all the way up from 91st Avenue to Bell Road. What they plan to do to control the mounding of the water is what they term the multiple manifolds. There will be seven or eight different release points that will be monitored so that they can turn some water off and other water on to keep the mound from building in a specific location and keep the water going down. That what they propose will prevent pit infiltration and that is one of the beauties of the linear type of recharge. SRP, however, has more of an industrial type traditional recharge approach where they have a basin, releasing water through an unlined channel. During the early proposal we issue a floodplain use permit to SRP for their recharge, at that time they said that the geology was such that there wouldn't be any pit infiltration. The other operators in Surprise, El Mirage and Avondale are all proposing recharge. Recharge is a coming industry; it is going to be very important for the community. As far as the Bethany Home recharge site, which is out of the channel and floodplain, there are different issues there. That is one that we have really looked at, but we don't want to go there. You bring up important questions that will have to be determined privately, possibly through some sort of litigation, I hate to say that. Possibly through what comes out of the CAP issues further up. That's an area that is going to have to be addressed that we don't really see as a major flood control answer. That doesn't really address the issue clearly but I think that is probably the best we can do right now. The State enabling legislation for watercourse master plans does require that we look at recharge but usually what we do is coordinate with existing recharge operations. We really don't have the expertise in that area of geology.

Cherrington: Your description of linear recharge, the fact that they can spread it up and down so it doesn't go down. If that is the case, they shouldn't be getting recharge permits because the purpose of recharge is to put it down.

Williams: It will go down in different locations, it isn't going to mound. Now, working closely with DWR and Pima County, they had the same issues on recharge, they are going to have a tight velocity for the channel and better dykes and keybars. After they approve their plans they will be subject to the 85% credit. They have an 8 mile long stretch where they put water in at various locations. They are going to put up a 108 inch pipe with various release points. They say that they will be able to turn it on and off at will, this is their way to address it. One of the things we looked at that drives this project is the economic opportunities for the property owners. After the channelization, and we are looking at channelization possibly along reaches that would divide hydraulic control, the property owners, if they so choose, could come out of the floodplain. A lot of these areas where we are talking to developers, they want to put residential property down through Surprise, El Mirage and to the other areas. As the members of this board are aware, property values in the valley are skyrocketing. What we expect to see is the housing market out drive the sand and gravel market. There will always be sand and gravel, it's a good product. The City of Peoria is looking at about 200,000 more houses in that North Peoria area and the materials are probably going to come from the North Agua Fria River. So we have to work with the sand and gravel industry, with or without the plan, we are still going to have sand and gravel operations. We can't control them other than the technical aspects of the floodplain use permit that they aren't going to harm people upstream or downstream.

Ward: Gentlemen, I have a question. What is the water table condition starting up at Lake Pleasant going down to the Salt River? How deep is it and how does it fare?

Hathaway: That I don't know. There is a drought water report. I know from my discussions with the CAP, that the water table is fairly high near the recharge basins.

Justice: In that area around South end, I think that they are pumping somewhere around 4 ½ feet.

Cherrington: It depends on where you are down the river. Down towards the Salt River it is not very deep.

Ward: I have two comments. First I think we should get this plan in place as quick as we can. Secondly, I would support anything we can do to work with the private sector. Both from the stand point of re-contouring any mining operation so we don't develop any nuance ponding, I've always been an advocate of ground water protection. Secondly, anything entrepreneurial anything we can do with these guys to develop parcels along the river that can be revenue producing properties.

Any other comments? I think we should get this plan in place right away and I encourage working with Mr. Bowers and the rock products industry in harmony all along the way. Any other thoughts, gentlemen?

Cherrington: I believe I have a conflict and should abstain.

Lemmon: Mr. Cherrington, this is as your SRP representation, right? This is not the private Paul Cherrington Enterprises.

Cherrington: Yes.

Lemmon: You probably do not have a conflict. You would have to have a personal monetary interest for it to be a conflict. So, you can abstain if you wish, but you do not have to abstain.

ACTION: It was moved by Mr. Patel and seconded by Mr. Justice to approve the staff recommendations as submitted. The motion carried unanimously.

4) **QUEEN CREEK WASH CHANNEL (RECKER ROAD TO HIGLEY ROAD) IMPROVEMENTS PROJECT; INTERGOVERNMENTAL AGREEMENT IGA FCD2005A006**

Don Rerick, P.E., Project Management Branch Manager, presented IGA FCD2005A006 between the District and the Town of Gilbert pertaining to improvements to be made to Queen Creek Wash Channel (Rucker Road to Higley Road).

Ward: Tell us about the crossing of Rucker Road and Higley Road.

Rerick: Mr. Vice Chairman, Mr. Ward. I am not familiar with the present conditions of that particular improvement. I can tell you that the Power Ranch development upstream has already channelized flows to that location. This project once it is fleshed out and underway will address that connectivity between the existing upstream improvements and the improvements that this project will undertake.

Ward: I saw some people here from Gilbert.

Rerick: Yes, Mr. Lonnie Frost with the Town of Gilbert is present. I am sure if you have questions, he would be glad to answer them.

Ward: Mr. Frost, would you like to come up? This looks like pretty good business and pretty good negotiations for the Town of Gilbert.

Frost: Thank you. The Higley Road Bridge is part of a capital improvement program the Town has adopted that will take the current bridge, which is a two lane bridge, and expand it out to 6 lanes to be compatible with the major arterial improvements. Rucker Road is designated as a major collector. The existing con-arch bridge there will need to be expanded.

Ward: The EMF basin to the west of Higley Road, what are your plans for that area? Do you have an amenities plan?

Frost: Mr. Vice Chairman, the Town's Parks and Recreation Department is in discussion with the District to make that basin a multiuse facility with amenities.

Ward: Last question, are there any private sector developers coming down the line that could contribute to the funding?

Frost: Yes, we have been in discussions with the developer of the lands to the south of the segment of Queen Creek Wash and they have expressed a desire to participate and use that excavated material on their project. We can leverage that as well.

Patel: You mentioned that the next segment downstream is in construction. Will this one be coming back for approval before construction or is it already in process?

Rerick: This IGA authorizes all aspects of the project. It will cover the design by the Town. We do not share in that cost. We share in the cost of construction, construction management, and rights-of-way.

Ward: And so in the next couple of years we are going to see this channel from Higley Road through Power Ranch and then all the way down into Queen Creek.

Rerick: Yes sir. As I mentioned, the 2 mile stretch, east of Recker Road along the wash, is presently improved, we are wrapping that up now. The District will be advertising later this summer to begin construction on the piece west of Higley Road. With this project in place we will have 6 miles along the alignment of the wash improved.

Ward: Just a comment. Mr. Frost, thank you for your business. I appreciate your cooperation.

ACTION: It was moved by Mr. Cherrington and seconded by Mr. Patel to approve the item as submitted. The motion carried unanimously.

5) EL RIO EDUCATIONAL RESEARCH AND DEVELOPMENT PROJECT - IGA FCD2005A004

Theresa Pinto, Project Manager, presented IGA FCD2005A004 between the Flood Control District (District), and the Maricopa County Parks and Recreation Department (County) for the funding, design, rights-of-way, construction, construction management and operation and maintenance of the El Rio Educational Research and Development Project.

Patel: Is this the first time that we have targeted a specific species?

Perreault: Mr. Vice Chairman, Mr. Patel, I can tell you from my personal experience when I was a project engineer on the Salt Gila clearing project, we talked about it a lot. We reviewed efforts in other parts of the country. At that time, during the early 80's, there really was no effective way to remove the Salt Cedar, except to do it chemically, which we are not allowed to do or mechanically, which is what we ultimately did. I know there has been a lot of research in Texas and there is research being done in New Mexico. What we are planning here is a little bit different and we are addressing it differently than these other areas. I believe it is also a large problem on the Colorado River and the Arizona Game and Fish Department is looking at areas out there. There is a lot of interest in this but we are trying to do something here that we can adapt locally and use on future projects. If we

are successful, it will have direct affect on the El Rio Project coming up in a few years.

Patel: That is where I was heading with the question; even if you can find something else that works better how do you eradicate the Salt Cedars?

Perreault: From our collective experience, we know it is a very tenacious plant. The root system on this particular type will go down up to 40 feet, seeds can lay dormant for 20-30 years until the right conditions and moisture happens, then all of a sudden it sprouts. I think a mature plant produces in excess of 200,000 seeds per year. It is really an invasive species. We won't be able to totally eradicate it, but it has been shown in other areas that if you get willows and possibly cottonwoods and mesquites in there, they can have some impact on reducing the growth.

Pinto: Another reason why you do not want to remove salt cedar and not replace it with something else is that it will grow back unless you are very active as far as continuing to spray or pull it out. If you can get something else growing in its place then you are ahead of it, and it is less likely to grow back. Another difference in this project, in fact, is where we are proposing to do this. What we primarily deal with here in Maricopa County are ephemeral streams. Where they have done research before, for example on the Colorado River, down by Yuma and Parker, they are doing a lot of salt cedar removal projects but they are replacing it with cottonwood and willow, which require a lot of water, plus the Colorado River, is perennial. They have a lot of water to grow new vegetation which makes it a lot easier. We are trying to find a way to grow vegetation in place of salt cedar that will be water efficient and realistic on a larger scale.

Patel: Good luck, it sounds like a good project.

Cherrington: Do we have endangered species there?

Pinto: We had to do a Southwestern Willow Fly Catcher survey there. It was interesting because the Bureau of Reclamation, who we are partnering with, they didn't think that the habitat was suitable for Southwestern Willow Fly Catcher. However, the Army Corps of Engineers required us to get a 404 permit; they are the ones who wanted us to do the survey. Even though it does have salt cedar, it is not quite suitable for the Willow Fly Catcher.

Justice: I'm sure SRP is sorry about that; they would like to have more. Mr. Vice Chairman, I think this is an excellent project. I hope you will use more mesquite than cottonwood or willows because of the water usage.

ACTION: It was moved by Mr. Justice and seconded by Mr. Cherrington to approve the item as submitted. The motion carried unanimously.

6) FY 04/05 DISTRICT BUDGET STATUS UPDATE

Michael Alexander, Chief Financial Officer, provided an update of the current Fiscal Year's budget. No action was taken.

Ward: Everyone I know has been suffering from an increase in the cost of materials. How has that affected us? Has Russ Miracle kept you abreast of the additional costs and people wanting to change our agreements?

Alexander: Well, actually Russ doesn't have to; I have to approve all change orders. And yes, we have had some significant price increases. Everyone has. I will say this; our change order percentage increase is still under 2% throughout the Fiscal Year. So where we have been more effect is in the O&M operations, where the increased cost of maintenance materials has been significant. Gasoline prices have been very very difficult to manage this year. But I think we are doing an exceptional job. It is something that we look at weekly.

Ward: That's great.

Cherrington: You said that looking at this chart, what we see is the total annual budget and where we are today. You also said that you anticipated that sometime in your planning phase that you would be spending lots of dollars in your 4th Quarter. I have the same dilemma, where staff has the money, but some how they spend it all before the end of the year. I am assuming then that you have plans that we don't see. I guess my comment is, those look consistent with what you saw in those cash flows and we are not looking for a way to spend all the money we have left?

Perreault: Mr. Vice Chairman, Mr. Cherrington, since I have a little bit of inside knowledge on the subject here, the CIP, when we laid out this year's cash flow expenditures it became very obvious early on that there was a huge amount of funds that were going to be expended in the 4th Quarter. As a matter of fact, the CIP was 46% of that. We examined each project to see how we could accelerate some of them to spread them out over the year. At the beginning of the year, we identified that we were going to have 8 new constructions starts this year. We have had 7 now, one of them, the White Tanks FRS reconstruction has been delayed. So that has impacted us somewhat. It has also impacted some of our reimbursements but right now with the dynamics that have gone on throughout the year, some projects have accelerated, and some have slowed down. We are still looking at this very very large 4th Quarter which would be April, May, June. The numbers you see here are from March so they are almost a month old at this point. We have identified that we now have 9 active construction projects. me of So the contractors have been delayed because of the rain earlier this year and because of some things beyond our control, such as the Laveen Channel getting more water than we anticipated for this time of the year. We are working around that. The contractors are very aggressive; to them, time is money and we have some pretty hefty months for construction activity ahead of us. The other big ticket items are real estate acquisitions and we have 3 or 4 large acquisitions that we are fairly confident that we are going to consummate in the next two months. So we will see that red bar go up pretty quickly in the next two months. There are still a couple of projects that are a little bit iffy. One of the things that we have done, partially because of staff constraints, is that in our negotiations with our partners, we have our partners taking the lead on certain projects. Out of our roughly \$54 million CIP, this

year, in more than 20% of the projects, our partners are the lead agency. So we are dependant on the performance of our partners. Some have been very successful and some have struggled this year. When you put all that together, the picture doesn't look real good here but the next two months are really going to be quite aggressive. I am hopeful, as Mike mentioned that we are going to accomplish up around the 90+ percent range when the Fiscal Year ends. Right now, Mike is worried that his staff won't be able to handle all the invoices that they are going to be receiving in the next 60-70 days.

Cherrington: I am more suspicious of my own staff than I am of you. But it's easier for me to buy the story when you see that charted out in a graph. From the beginning of the year, you know that you have that coming in the last quarter. It is just easier to understand.

Perreault: Mr. Vice Chairman, Mr. Cherrington, I can tell you that next year's graph is going to be significantly different because we are going to have so much construction underway right now that is carrying over to next year that we are going to have some pretty aggressive 1st and 2nd Quarter expenditures. Things will probably taper off toward the end of the year.

Alexander: I might also say that we have shown that graph on a number of occasions. It is always that reverse slope. This is not unusual.

7) COMMENTS FROM THE CHIEF ENGINEER AND GENERAL MANAGER.

Perreault: As I mentioned, Mr. Phillips could not be here today and asked me to fill in for him. The one comment that I do have is that last month we presented a resolution to the Board and it is currently on its way to the Board of Directors to adopt the White Tanks Loop 303 Water Course Master Plan Update. You may remember that there were a significant amount of drainage facilities that were in that plan. One of the opportunities that we have had recently is that ADOT has some excess land along I-10 that they would like to sell. They asked us if we would like it since it is included within the master plan. With some of the slippages we have had in the CIP and the funds that have been freed up, we are proposing to go directly to the Board of Directors with a resolution authorizing us to acquire this excess land from ADOT. The land is down in the vicinity of Perryville Road. So we will plan on doing that. Hopefully, we can get that accomplished by the end of this Fiscal Year so that we can use the funds that we have available this year. If we are successful, we will bring that back to the Board and advise you of the outcome. We have worked pretty well with ADOT in the past, if you remember; last year we bought quite a bit of land from them behind our Buckeye structures. Now when they have excess land and they see that we may need it, they come to us first to see if we are interested. So, that is working well.

8) SUMMARY OF RECENT ACTIONS BY THE BOARD OF DIRECTORS

9) OTHER BUSINESS AND COMMENTS FROM THE PUBLIC

The meeting was adjourned at 3:45pm